

EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

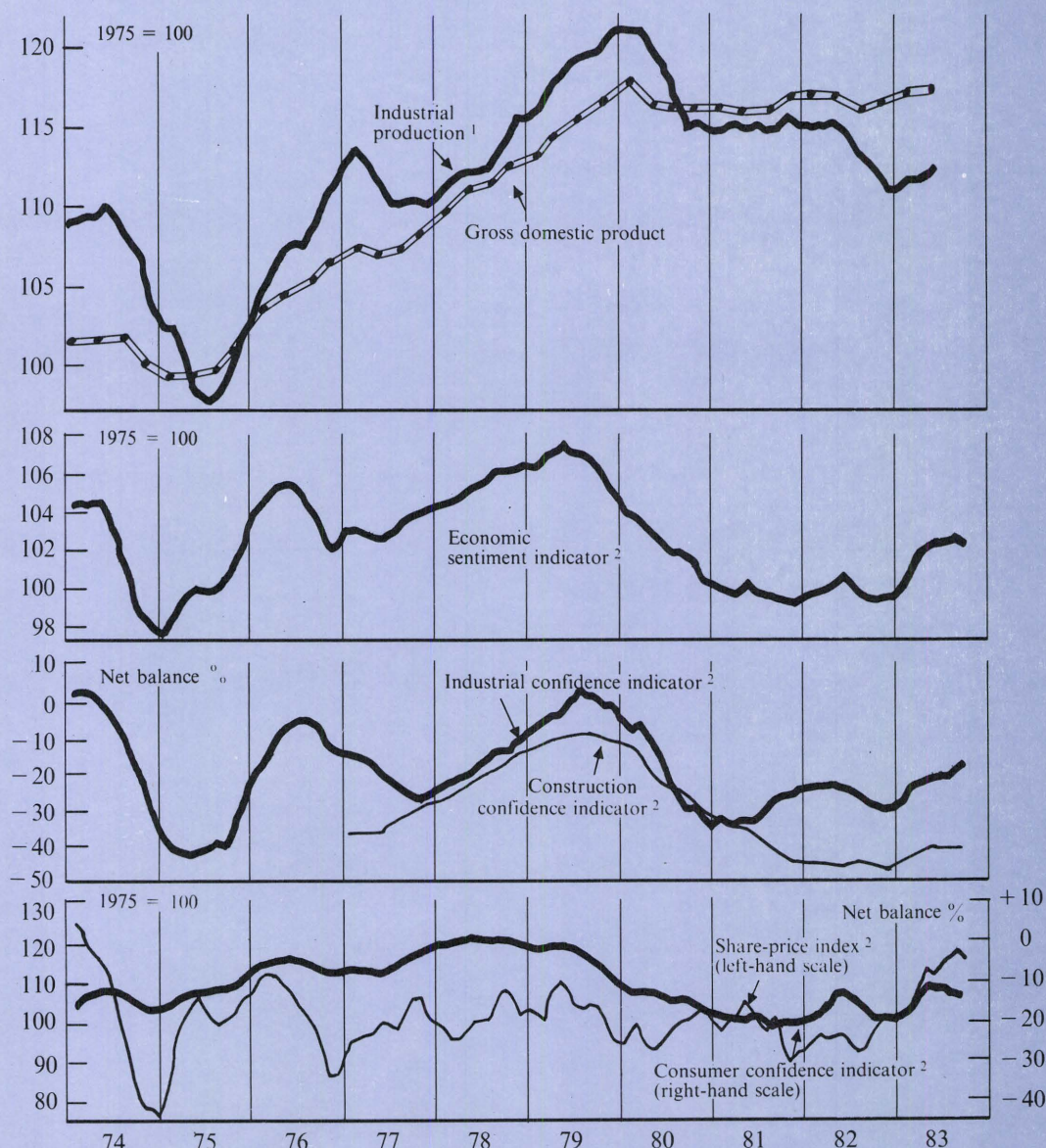
Supplement B — No 10 — October 1983

Business survey results

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*This month:
production expectations
in industry by branches*

GRAPH 1: Indicators of output and economic sentiment — European Community



For footnotes see page 6.

Sustained improvement in manufacturing industry. — In September, the industrial confidence indicator rose by 3 points at the EC level, the highest increase since February. This rise is general across countries, with the strongest increase in Germany. The optimism is particularly strong for production expectations (see below) but the appreciation of the level of stocks is also more favourable in all countries and the minor fall observed in Italy and in the United Kingdom with respect to order books does not contradict the basic upward movement experienced in these countries since the beginning of the year. The survey data continue pointing therefore towards an increase in the volume of industrial production in contrast with the stagnation observed until June in the Community as a whole (cf. Supplement A, October 1983). This supports the view that industrial production should pick up again in the second half of 1983.

Selling-price expectations are also orientated upwards. The increase is particularly noticeable in Germany and in the United Kingdom, but this does not seem to be expected to affect the competitiveness of both countries in the short term, judging by the answers relating to export order books.

Construction. — Signs of improvement are manifest in Germany and in the Netherlands, while the deterioration seems to have stopped in Belgium and in Italy. Provisionally, one can, therefore, be cautiously optimistic about the evolution in this sector.

Consumer confidence. — Results are available for three countries only for the month of September, but they are at

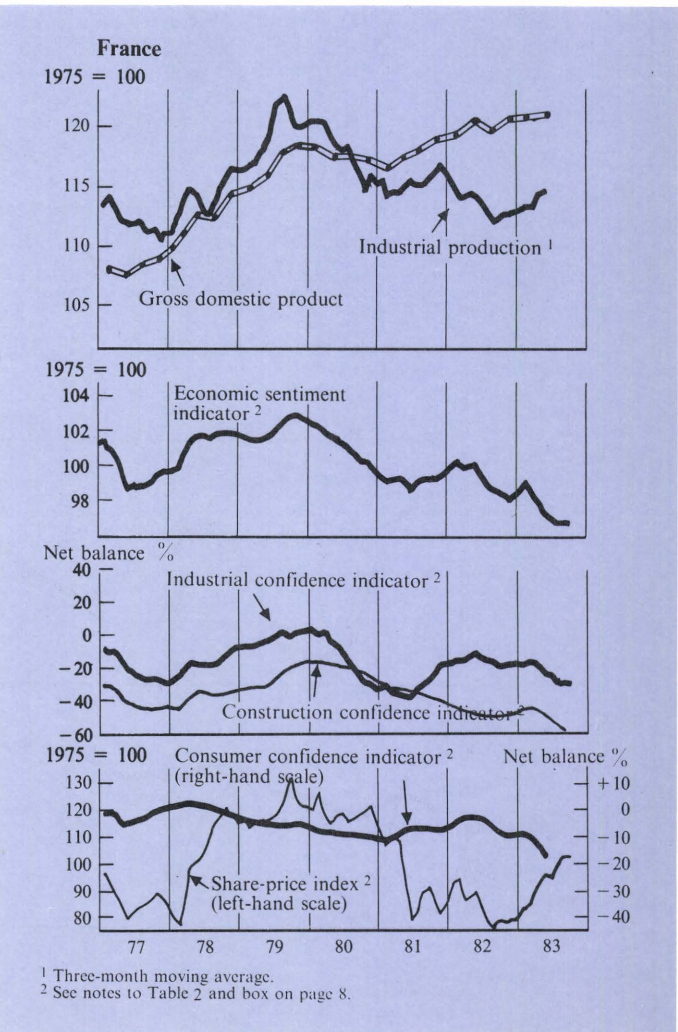
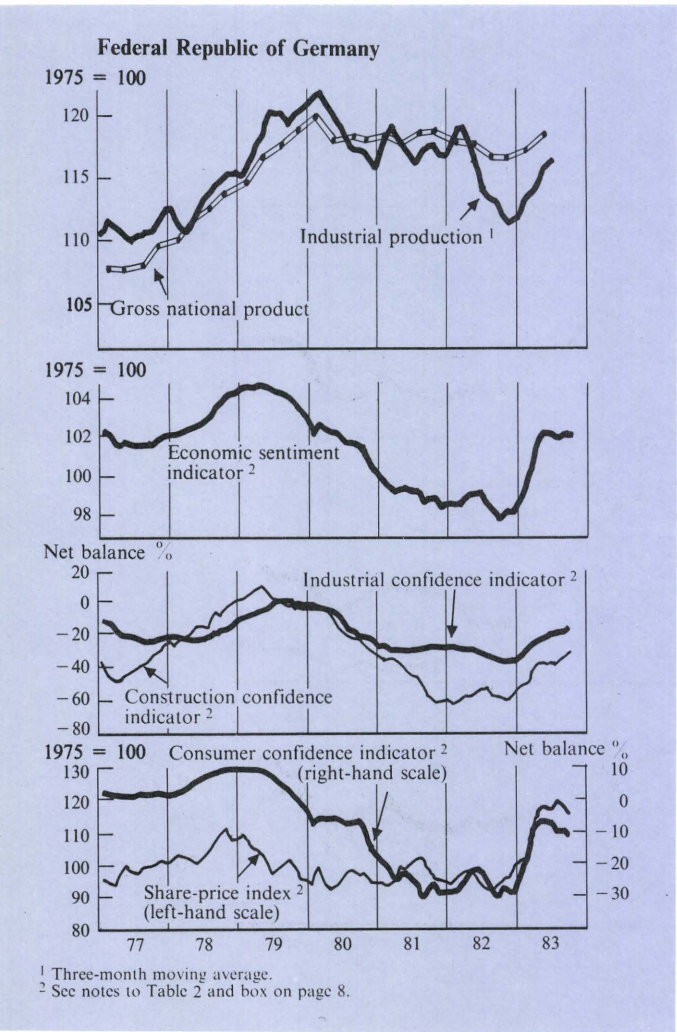
variance with the conclusions drawn above. Though consumer sentiment is stable in Italy, it shows signs of deterioration in the Federal Republic of Germany and to some extent, in the United Kingdom. Households in both countries appear now mildly pessimistic as regards prospects for the economy as well as their future financial situation. They also fear increases in inflation and unemployment.

Stability of the economic sentiment indicator. — The share price index declined in September in most EC Member States, which affected the economic sentiment indicator adversely. Therefore, this composite index lost 0.2 points, which exactly offsets its gain of the previous month. This loss is attributable to the United Kingdom, where the share price index had significantly receded by the middle of September. On the other hand, minor increases were recorded for the Netherlands, Italy and France, where no improvement of economic sentiment had been observed since January.

Production expectations in manufacturing industry. — At the level of the Community, manufacturing industry producers expect, on average, an increase in output, for the first time since February 1980. Graph 3 shows that the balance on production expectations in September was +2, i.e., a gain of 21 points since October 1982, when expectations were at their lowest.

The pattern of recovery in production expectations is typical for the early phase of a cyclical upswing. Optimism is most pronounced in the consumer goods industry (with a net balance of positive opinions of +4). The net balance of opinions in the intermediate-goods sector is also back to a positive level (+1)

GRAPH 2: Indicators of output and economic sentiment in four Member States



after having moved up by 23 points since October 1982 against the 14 and 15 point recoveries in consumption and investment goods, respectively. For investment goods, the net balance of opinions is still slightly negative, but the rise observed in comparison with October 1982 gives ground for expecting that the decrease in production still reported for this sector (cf. *Industrial short-term trends*, No 9, Eurostat) will soon come to an end.

Differences which occur between the sub-sectors of the three main groups appear to be related to the level of technology embodied in the production process (newer, advanced technology industries appearing to be more optimistic) and the degree of exposure to international competition (branches with very great excess capacity world-wide being the most pessimistic). Growth in consumption appears to favour the manufacturers of radios, TVs and motor cars but not those of clothes and footwear. As regards intermediate goods, optimism has been developing fast in chemicals and its derivatives (plastics, man-made fibres) as well as in wool but, still in the textile industry, cotton and knitting do not benefit from the trend. Pessimism continues also to prevail, although attenuated, in the metal sub-sector and it has recently hit mineral oil-refining.

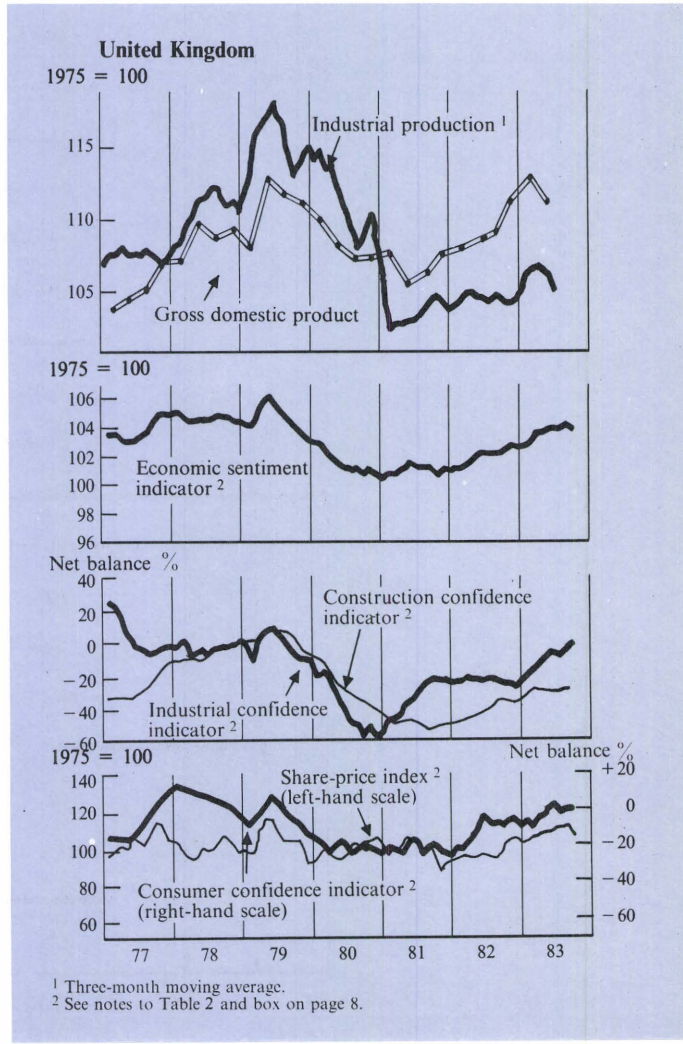
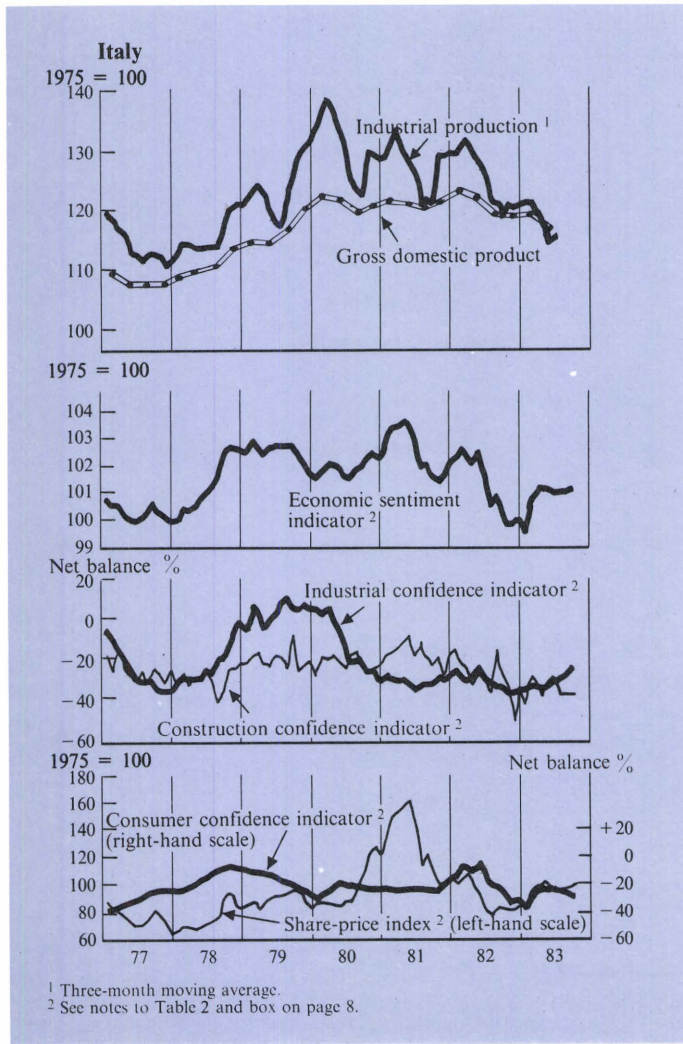
Amongst investment goods, the sub-sectors, embodying more advanced technologies, such as electrical or precision engineering, as well as agricultural and textile machinery, have now the best outlook. On the other hand, the over-capacity in shipping is still reflected in production expectations. The prospects continue to look bleak for engines and machine tools, even if, in this last sector, the situation is far less serious than a year ago.

Comparison of production expectations in Member States. — The main differences between Member States as regards production expectations can be related to the different phases in the adjustment policies being experienced in each country.

In France where optimism still prevailed amongst manufacturers of consumer goods last October, the effect of the adjustment programme has been to reduce production expectations in this sector to such an extent that the whole of manufacturing industry is now below its level of eleven months ago. Particularly badly hit have been consumer textiles and the car industry, the problems of which have adversely affected the production prospects of the rubber industry.

In the three most optimistic countries (Germany, Italy and the United Kingdom) production expectations have improved strongly in the consumer goods industry. In relative terms, the investment goods industry presents more buoyant prospects in the United Kingdom after its deep recession of recent years, while intermediate goods are doing better in Italy and Germany. Belgium and the Netherlands are to some extent in an intermediate position with domestic policy squeezing production expectations in the consumer goods industry.

18 October 1983.



GRAPH 3: Production expectations in industry by branch — European Community
Net balances % changes October 1982 → September 1983

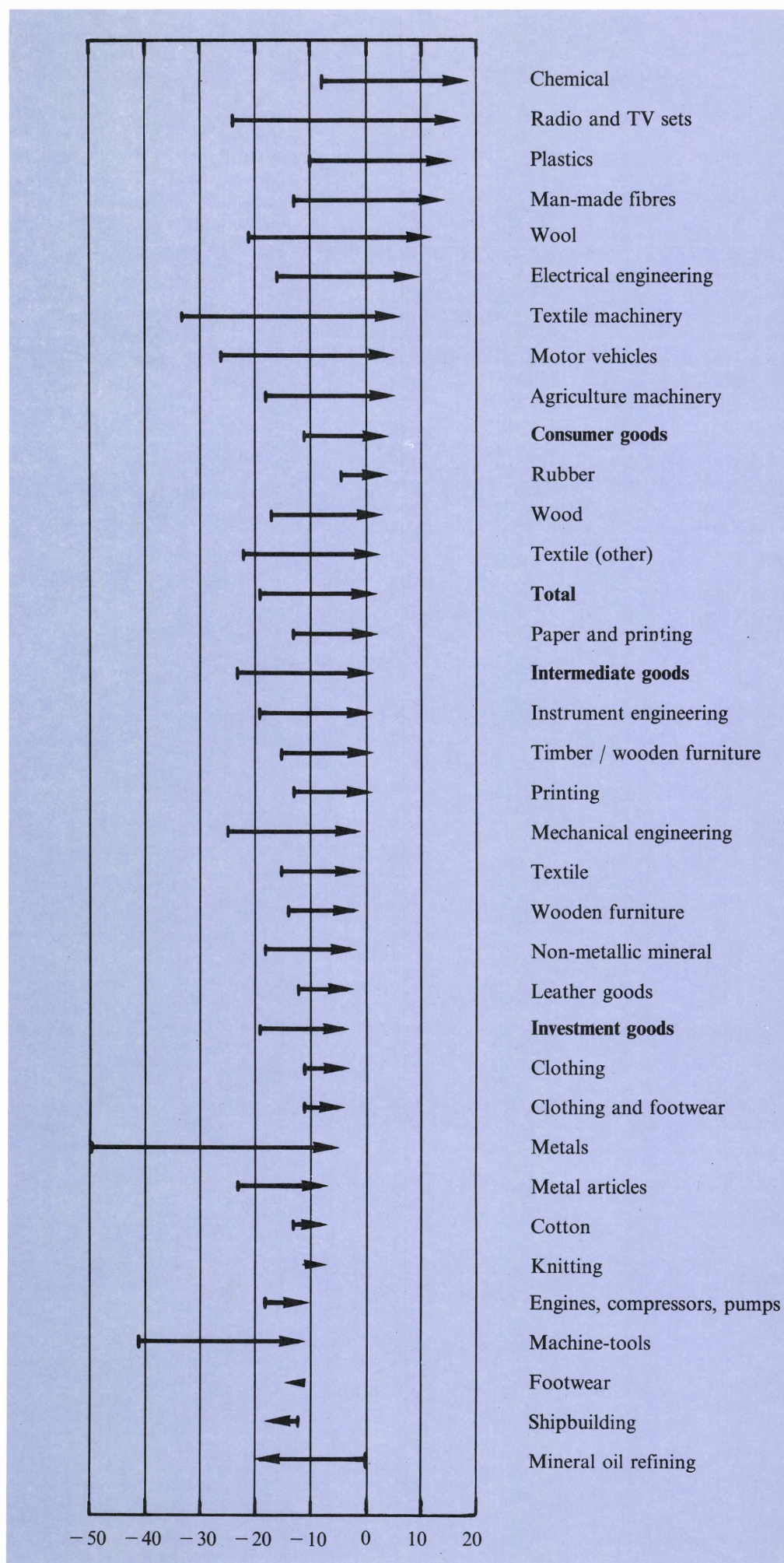


TABLE 1: Industrial production expectations by branch and country

Industrial sector ↓	Member State →	Results of September 1983 survey									Differences of net balances (s.a.) between October 1982 and September 1983								
		B	D	F	IRL	I	L	NL	UK	EC	B	D	F	IRL	I	L	NL	UK	EC
Textile industry		- 8	- 2	-26	+15	+ 5	:	+13	+24	- 1	+16	+18	-15	+58	+15	:	+13	+37	+13
Wool industry		+ 5	+11	- 3	+41	+13	:	+28	+29	+12	+ 6	+42	+ 7	+70	+37	:	- 9	+55	+32
Cotton industry		-27	-10	-16	:	- 3	:	+ 4	+12	- 7	- 3	+ 3	-14	:	- 3	:	+22	+44	+ 5
Knitting industry		-25	0	-51	0	+ 5	:	+ 7	+28	- 8	- 7	+23	-43	+75	+ 9	:	+ 6	+22	+ 2
Other manufactures		+16	+ 1	-31	- 5	+ 3	+27	+10	+26	+ 2	+60	+21	+12	+30	+18	+126	0	+33	+23
Clothing and footwear		-32	- 3	-27	+17	-26	:	+ 1	+48	- 4	-27	+33	-39	+50	- 2	:	+24	+42	+ 6
Footwear		+ 4	-20	-19	+68	-39	:	0	+39	-12	+11	+17	-33	+113	-12	:	+ 9	+40	- 2
Clothing		-39	+ 1	-30	+ 2	-14	:	+ 4	+51	- 3	-34	+37	-41	+32	+ 9	:	+26	+34	+ 7
Other		:	- 3	:	:	:	- 2	:	:	:	:	+11	:	:	-33	+ 3	:	:	:
Timber and wooden furniture		-15	+ 4	-17	+15	- 2	:	+10	+23	+ 1	+ 5	+29	- 1	+12	+15	:	+14	+16	+15
Wood		-18	+ 6	-20	:	- 4	:	+12	+30	+ 3	+ 7	+33	+ 3	-10	+19	:	+13	+20	+19
Wooden furniture		-11	+ 3	-13	+32	- 3	:	+ 4	+ 7	- 1	+ 4	+27	- 7	+40	+10	:	+15	+ 2	+12
Paper, printing and publishing		-10	+ 5	- 5	:	-16	- 2	+ 4	+13	+ 2	+16	+26	+ 4	:	+13	-49	+ 5	+13	+14
Manufacture of paper		+21	+ 5	+15	:	-10	:	:	:	:	+26	+ 4	+31	:	+14	:	:	:	:
Processing of paper		-31	+12	-16	:	+ 8	:	:	:	:	+ 4	+33	-26	:	+33	-49	+16	:	:
Printing and publishing		:	+0	- 7	- 5	-30	- 2	+ 9	+17	+ 1	- 1	+29	+ 7	-35	+ 3	:	+ 5	+ 7	+13
Leather and leather goods		- 1	+ 2	-25	- 6	-13	:	+17	+37	- 2	+51	+20	-13	+35	- 6	:	+ 4	+47	+ 9
Plastics		+13	+14	0	-28	+10	:	:	:	+15	+40	+40	+ 5	+56	-10	:	:	+49	+24
Mineral oil refining		-24	-23	-19	-15	- 6	:	:	-16	-17	+34	-10	-28	-30	+45	:	:	- 9	-17
Metals		-19	+ 2	-15	:	+ 2	+17	+ 7	- 8	- 5	+33	+65	+37	:	+67	+91	+52	+ 1	+43
Ferrous metals		-27	:	:	:	:	+10	+ 8	- 8	:	+35	:	:	:	- 4	+81	- 7	:	:
Non-ferrous metals		+20	+10	:	:	:	:	+ 9	+18	:	+25	+39	:	:	:	:	+ 3	+30	:
Non-metallic mineral products		-34	- 1	+ 2	+ 5	-20	-28	+ 4	+21	- 2	- 1	+45	+11	+36	+20	-46	+25	+33	+25
Building materials including ceramic, flat glass		-41	+ 2	-18	+ 1	-26	-26	:	:	:	- 3	+51	+ 7	+45	+19	-33	:	:	:
Ceramic (other), hollow glass		-14	-12	+49	+20	- 1	-28	:	:	:	+30	+ 9	+18	+27	+24	-98	:	:	:
Chemical industry		+ 5	+28	+ 4	- 1	- 2	0	+ 3	+36	+18	+ 6	+41	+13	+18	+27	- 2	+ 2	+18	+24
Basic chemicals		+ 8	:	-20	:	- 3	+22	- 3	:	:	+11	:	-11	:	+48	+15	- 6	:	:
Industrial and agricultural chemicals		+ 2	:	+12	+10	+14	:	+11	:	:	+ 1	:	+30	+31	+31	:	+26	:	:
Consumer chemicals		+ 5	:	+15	-30	- 2	:	- 1	+34	:	+ 6	:	+18	-47	- 2	:	-28	+17	:
Man-made fibres		:	+ 1	-28	:	+73	:	:	-10	+13	:	+57	+12	:	+74	:	:	-67	+25
Metal articles		-31	- 2	-28	+14	-21	:	:	+19	- 7	- 4	+34	- 9	+13	- 5	:	+ 2	+33	+15
Mechanical engineering		-32	- 6	-11	-55	-13	-49	+ 1	+24	- 1	- 9	+30	+25	-100	+ 1	-42	+16	+29	+23
Agricultural machinery		-51	+19	+ 6	-42	-55	:	+ 1	+33	+ 5	- 4	+30	+56	+23	-45	:	+33	+23	+23
Machine-tools		-33	- 6	-36	-55	-28	:	+ 4	+15	-11	+24	+49	+ 1	-101	+25	:	+15	+42	+29
Textile machinery		-53	+ 6	+36	:	+ 5	:	:	+ 5	+ 6	+16	+34	+93	:	+38	:	:	+21	+38
Engines, compressors, pumps		- 3	-29	-16	:	+ 6	:	:	+21	-10	-11	+ 5	- 7	:	+11	:	+29	+23	+ 7
Other machinery		-35	- 8	-27	:	-17	:	:	+29	- 3	-19	+29	+ 5	:	-10	:	- 3	+29	+19
Office and data processing machinery		:	-22	+113	+52	:	:	:	:	:	:	:	+162	+38	-24	:	:	:	:
Electrical engineering		- 8	+ 2	+ 3	-39	+ 9	:	:	+31	+ 8	+16	+22	+20	-61	+28	:	:	+25	+22
Other electrical machinery		- 9	+ 2	-18	-51	+17	:	:	:	:	+ 8	+24	+ 6	-106	+32	:	:	:	:
Domestic electrical appliances, radio and TV		- 7	0	+46	-25	- 4	:	:	+29	+17	+28	+17	+59	-10	+17	:	:	+67	+40
Assembly of lighting equipment		:	-19	-26	:	:	:	:	:	:	:	+20	-40	:	+14	:	:	:	:
Motor vehicles		+ 1	+ 9	-71	-16	+59	:	+31	+58	+ 5	+14	+41	-80	-39	+122	:	+18	+89	+30
Motor vehicles, motor vehicle engines		+ 1	+ 4	-82	:	+72	:	:	:	:	+14	+27	-101	:	+141	:	:	:	:
Bodies for motor vehicles		:	- 3	-92	:	:	:	:	:	:	:	+56	-23	:	+59	:	:	:	:
Parts for motor vehicles		:	+39	-36	:	:	-52	:	:	:	:	+110	-27	:	+48	+15	:	:	:
Other means of transport		-26	:	-37	:	- 7	:	:	+39	:	+21	:	-48	:	-12	:	:	+70	:
Shipbuilding and marine engineering		+ 8	-56	-17	-101	- 9	:	:	+24	-15	+31	-13	-21	-60	-19	:	:	+11	- 3
Cycles and motor-cycles		-25	- 9	-12	:	+17	:	:	:	:	+40	+53	-55	:	+ 7	:	:	:	:
Other manufactures		-89	:	-44	:	-11	:	:	:	:	-23	:	-58	:	-15	:	:	:	:
Rubber products		:	+31	-35	-32	+11	:	:	+ 9	+ 4	:	+63	-42	-34	+ 1	:	:	+ 5	+ 7
Instrument engineering		:	- 5	+ 6	+31	-11	:	:	+ 9	+ 1	:	+14	+36	-10	-16	:	:	+16	+19
Total		-14	+ 3	-16	+ 1	+ 2	+ 3	+ 5	+25	+ 2	+11	+33	- 2	+12	+28	+42	+11	+29	+20
Consumer goods		-13	0	-19	+37	+ 7	-14	+ 9	+33	+ 4	+ 6	+27	-22	+27	+25	-55	+ 4	+32	+14
Investment goods		-29	-11	-12	- 5	- 9	-35	+ 2	+25	- 3	+ 3	+14	+ 9	-41	+ 1	-29	+13	+29	+15
Intermediate goods		- 9	+ 9	-16	+ 3	- 2	+11	+ 7	+16	+ 1	+21	+43	+ 5	+33	+29	+65	+15	+19	+23

TABLE 2: Indicators of output and economic sentiment

		Trough 1974/75	1980	1981	1982	1982	1983			1983						
						IV	I	II	III	April	May	June	July	August	Sept.	
B	<i>gross domestic product</i>	1975=														
	<i>index of industrial production</i>	100	88,2	115,1	113,9	112,8	111,1	112,4	:	112,1	110,9	:	:	:	:	
	1. industrial confidence indicator		-56	-22	-27	-22	-26	-23	-21	-19	-22	-20	-22	-21	-18	
	2. construction confidence indicator		-36	-28	-47	-48	-52	-56	-57	-55	-58	-57	-57	-54	-56	
	3. consumer confidence indicator ^{1,4}		-18	-20	-27	-27	-28	-31	-22	:	:	:	:	:	:	
	4. share-price index ^{4,5}		84,9	86,7	70,7	86,8	89,9	96,9	111,9	119,5	108,6	110,5	116,7	117,8	120,5	
	= 5. economic sentiment indicator		99,3	100,2	97,8	99,0	98,6	98,8	100,7	101,5	100,1	100,8	101,1	101,3	101,6	
D	<i>gross national product</i>	1975=	99,0	119,0	118,9	117,9	116,7	117,3	118,5	:	:	:	:	:	:	
	<i>index of industrial production</i>	100	97,7	128,3	126,5	122,9	109,9	112,1	115,3	:	113,1	114,2	117,5	115,3	:	
	1. industrial confidence indicator		-49	-14	-30	-33	-38	-30	-23	-17	-24	-23	-21	-19	-15	
	2. construction confidence indicator		-72	-18	-48	-59	-59	-48	-39	-35	-39	-40	-39	-39	-32	
	3. consumer confidence indicator ^{1,4}		-22	-5	-22	-26	-28	-17	-7	-11	-7	-7	-8	-10	-12	
	4. share-price index ^{4,5}		80,0	106,3	108,7	108,3	111,2	121,3	139,4	140,6	139,4	139,9	138,9	142,9	140,8	
	= 5. economic sentiment indicator		98,8	101,9	98,9	98,2	97,4	99,5	101,8	101,8	101,7	101,8	101,8	101,9	101,8	
F	<i>gross domestic product</i>	1975=	98,5	116,2	116,4	118,9	120,7	120,8	121,0	:	:	:	:	:	:	
	<i>index of industrial production</i>	100	81,6	118,8	116,1	114,3	113,4	114,3	115,2	:	114,3	117,0	114,3	:	:	
	1. industrial confidence indicator		-49	-15	-30	-17	-20	-18	-23	-28	-19	-25	-25	-29	-28	
	2. construction confidence indicator		:	-21	-36	-49	-50	-44	-50	-59	-50	:	:	-59	:	
	3. consumer confidence indicator ^{1,4}		-9	-10	-9	-5	-10	-9	-17	:	:	:	:	:	:	
	4. share-price index ^{4,5}		79,8	148,8	131,5	131,0	130,0	144,3	166,3	183,0	161,6	168,9	168,3	176,9	185,5	
	= 5. economic sentiment indicator		98,1	100,9	98,9	98,9	98,2	98,6	97,3	96,6	97,9	97,1	96,9	96,6	96,6	
IRL	<i>gross domestic product</i>	1975=		121,5	123,6	:										
	<i>index of industrial production</i>	100	96,3	132,9	134,7	135,3	136,3	142,3	139,1	:	137,9	137,7	141,8	:	:	
	1. industrial confidence indicator		-41	-31	-18	-19	-24	-26	-24	-17	-25	-24	-23	-18	-20	
	2. construction confidence indicator		:	-49	-33	-51	-76	-77	-65	-48	-54	-71	-59	-40	-48	
	3. consumer confidence indicator ^{1,4}		-41	-22	-28	-34	-39	-36	-44	:	:	:	:	:	-57	
	4. share-price index ^{4,5}		63,4	211,9	219,9	179,9	177,9	171,6	206,8	238,5	190,8	207,5	222,0	237,6	238,0	
	= 5. economic sentiment indicator		97,7	101,9	102,0	101,4	100,5	100,8	101,5	:	101,3	101,5	101,6	101,9	240,0	
I	<i>gross domestic product</i>	1975=	93,1	120,8	120,6	120,4	118,5	118,9	116,9	:	:	:	:	:	:	
	<i>index of industrial production</i>	100	93,6	117,8	115,2	112,2	120,0	120,8	115,2	:	114,4	117,3	113,8	117,4	:	
	1. industrial confidence indicator		-59	-13	-31	-31	-36	-35	-33	-27	-35	-33	-30	-29	-27	
	2. construction confidence indicator		-56	-22	-18	-29	-26	-35	-34	37	-39	-32	-32	-37	-37	
	3. consumer confidence indicator ^{1,4}		-39	-22	-22	-18	-26	-25	-21	-22	-21	-21	-22	-22	-21	
	4. share-price index ^{4,5}		84,6	105,4	160,0	129,9	127,4	150,4	165,7	161,9	166,2	160,2	158,4	162,1	164,1	
	= 5. economic sentiment indicator		99,1	102,2	102,1	101,8	99,9	100,5	101,2	101,1	101,2	101,2	101,0	101,1	101,2	
NL	<i>gross domestic product</i>	1975=		113,3	112,1	111,1	:	:	:	:	:	:	:	:	:	
	<i>index of industrial production</i>	100	98,0	111,0	109,0	106,0	104,3	107,3	107,3	:	108,0	109,0	105,0	:	:	
	1. industrial confidence indicator		-44	-12	-25	-25	-23	-20	-17	-15	-17	-15	-18	-17	-15	
	2. construction confidence indicator		-47	-24	-32	-41	-40	-42	-37	-32	-36	-36	-39	-35	-32	
	3. consumer confidence indicator ^{1,4}		-19	-25	-31	-32	-37	-34	-28	:	:	:	:	:	-29	
	4. share-price index ^{4,5}		80,5	93,1	98,9	100,0	106,6	122,7	142,2	153,8	141,0	139,3	146,3	151,9	154,9	
	= 5. economic sentiment indicator		99,6	99,4	98,3	98,1	97,8	98,8	101,3	101,2	100,2	100,3	100,5	100,9	101,2	
UK	<i>gross domestic product</i>	1975=	98,1	108,1	106,7	109,2	111,4	113,0	111,2	:	:	:	:	:	:	
	<i>index of industrial production</i>	100	97,0	108,2	103,9	106,2	106,3	107,6	107,7	:	107,9	108,6	106,7	108,9	:	
	1. industrial confidence indicator		:	-43	-33	-25	-28	-21	-10	-6	-14	-10	-7	-9	-5	
	2. construction confidence indicator		:	-30	-51	-42	-38	-31	-32	-30	-32	:	:	-30	-4	
	3. consumer confidence indicator ^{1,4}		-33	-18	-21	-12	-7	-6	+1	0	-2	+3	+2	-1	+1	
	4. share-price index ^{4,5}		49,2	210,0	237,0	274,6	309,4	321,8	346,9	360,4	346,7	341,1	352,8	359,6	366,4	
	= 5. economic sentiment indicator		95,0	101,5	100,9	101,8	102,4	102,9	103,7	103,9	103,5	103,7	103,9	103,8	104,1	
EC	<i>gross domestic product</i> ^{2,3}	1975=	99,0	116,2	115,8	116,2	116,7	117,7	117,5	:	:	:	:	:	:	
	<i>index of industrial production</i>	100	96,8	117,1	114,5	112,9	110,7	111,5	111,7	:	111,1	112,2	111,9	:	:	
	1. industrial confidence indicator		-49	-20	-31	-27	-30	-25	-21	-18	-23	-22	-20	-20	-19	
	2. construction confidence indicator		:	-23	-39	-43	-48	-41	-40	-41	-41	(-40)	(-40)	-42	(-41)	
	3. consumer confidence indicator ^{1,4}		-17	-13	-19	-17	-20	-16	-12	-13	-12	-12	-12	-13	-13	
	4. share-price index ^{4,5}		81,8	154,9	170,2	187,2	203,2	218,0	242,7	257,1	240,1	240,3	247,8	254,1	259,6	
	= 5. economic sentiment indicator		97,4	102,4	99,9	100,1	99,2	100,7	102,2	102,4	102,4	102,1	102,4	102,3	102,5	

¹ Quarterly series are constructed by attributing results of the January, May and October surveys to the first, second and fourth quarters respectively. Third quarter data are interpolated between second and fourth quarter values. For the message of construction of the indicator, see: *European Economy - Supplement C*.

² Weighted total of quarterly figures for the Federal Republic of Germany, France, Italy and the UK.

³ For the Federal Republic of Germany, gross national product.

⁴ Not seasonally adjusted.

⁵ Revised by Eurostat.

For definitions of series 1 to 5, see Tables 3 and 4 and box on page 8.

Source: European Community business surveys and Eurostat.

TABLE 3: Monthly survey of manufacturing industry — Monthly questions and the composite industrial confidence indicator (a)
 Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)

		Range (c)		1980	1981	1982	1982	1983				1983				
		Peak 1972/73	Trough 1974/75				IV	I	II	III	April	May	June	July	Aug.	Sept.
B	production expectations	+31	-56	-24	-26	-18	-25	-23	-19	-15	-20	-16	-20	-15	-15	-14
	order-books	+13	-74	-31	-45	-40	-41	-39	-36	-33	-38	-36	-35	-35	-32	-32
	export order-books	+15	-82	-36	-47	-40	-49	-39	-35	-31	-37	-35	-32	-31	-30	-31
	stocks of finished products	-14	+37	+11	+11	+8	+11	+8	+10	+9	+9	+9	+12	+12	+8	+7
	selling-price expectations	+64	-10	+20	+29	+28	+23	+23	+24	+25	+22	+23	+27	+23	+25	+27
	industrial confidence indicator	+19	-56	-22	-27	-22	-26	-23	-21	-19	-22	-20	-22	-21	-18	-18
DK	production expectations	:	:	-4	-3	+4	+9	+5	+0	+6	:	:	:	:	:	:
	order-books	:	:	-6	-24	-17	-14	-8	-14	-2	:	:	:	:	:	:
	export order-books	:	:	+10	-7	-4	-3	-2	-4	-5	:	:	:	:	:	:
	stocks of finished products	:	:	+16	+17	+16	+16	+14	+10	+9	:	:	:	:	:	:
	industrial confidence indicator	:	:	-9	-15	-10	-7	-6	-8	-2	:	:	:	:	:	:
	D	production expectations	+17	-32	-10	-17	-20	-28	-12	-2	+1	-1	-4	-2	-1	0
order-books		-5	-73	-21	-46	-53	-57	-54	-46	-40	-48	-46	-44	-41	-42	-37
export order-books (d)		+23	+33	-4	-1	-7	-13	-9	-8	-2	-10	-13	-2	-4	-3	0
stocks of finished products		-7	+43	+11	+26	+26	+29	+25	+20	+13	+23	+19	+18	+15	+14	+11
selling-price expectations		+55	+4	+26	+32	+18	+12	+6	+15	+21	+14	+15	+15	+16	+22	+26
industrial confidence indicator		+10	-49	-14	-30	-33	-38	-30	-23	-17	-24	-23	-21	-19	-19	-15
F	production expectations	+33	-29	-6	-11	-4	-13	-9	-13	-18	-10	-15	-15	-20	-18	-16
	order-books	+26	-69	-22	-46	-30	-30	-32	-37	-42	-34	-38	-40	-42	-42	-42
	export order-books	+24	-66	-29	-47	-36	-40	-42	-44	-39	-47	-44	-40	-39	-39	-40
	stocks of finished products	-14	+50	+17	+34	+16	+16	+13	+18	+23	+14	+22	+19	+24	+23	+23
	selling-price expectations	+76	+15	+50	+54	+49	+60	+44	+47	+46	+44	+50	+47	+51	+46	+42
	industrial confidence indicator	+29	-49	-15	-30	-17	-20	-18	-23	-28	-19	-25	-25	-29	-28	-27
IRL	production expectations	:	-21	-12	-1	-4	-8	-8	-12	-6	-15	-9	-11	-7	-11	+1
	order-books	:	-68	-50	-36	-39	-47	-53	-50	-41	-55	-49	-46	-42	-45	-37
	export order-books	:	-22	-6	+2	-7	-4	-10	-9	+4	-6	-12	-9	-2	+5	+10
	stocks of finished products	:	+35	+31	+16	+14	+18	+17	+10	+4	+6	+14	+11	+5	+4	+2
	selling-price expectations	:	+64	+43	+41	+35	+26	+28	+31	+30	+37	+24	+31	+34	+27	+28
	industrial confidence indicator	:	-41	-31	-18	-19	-24	-26	-24	-17	-25	-24	-23	-18	-20	-13
I	production expectations	+40	-43	-7	-16	-15	-24	-19	-13	-7	-18	-13	-10	-13	-9	+2
	order-books	+30	-82	-22	-49	-53	-58	-62	-59	-50	-62	-63	-52	-51	-49	-51
	export order-books	+13	-67	-37	-45	-49	-53	-55	-54	-47	-57	-54	-50	-46	-47	-47
	stocks of finished products	-24	+53	+11	+28	+25	+27	+24	+25	+23	+26	+22	+27	+22	+24	+22
	selling-price expectations	+76	+10	+63	+59	+50	+48	+43	+46	+43	+43	+48	+46	+46	+37	+45
	industrial confidence indicator	+31	-59	-13	-31	-31	-36	-35	-33	-27	-35	-33	-30	-29	-27	-24
L	production expectations	+84	-80	-33	-39	-40	-36	-27	-7	+5	-8	0	-12	+7	+4	+3
	order-books	:	:	-42	-62	-60	-68	-62	-59	-45	-61	-62	-55	-49	-48	-39
	export order-books	:	:	-52	-81	:	-78	-63	-68	-58	-68	-75	-62	-59	-58	-56
	stocks of finished products	-14	+74	+63	+28	+14	+25	+51	+22	+20	+23	+23	+21	+20	+17	+22
	selling-price expectations	:	-46	+8	+60	+10	-14	+25	+42	+34	+49	+52	+24	+38	+27	+38
	industrial confidence indicator	:	:	-46	-43	-38	-43	-47	-29	-20	-30	-28	-29	-21	-20	-19
NL	production expectations	+26	-26	-3	-6	-5	-9	-4	-1	+1	-1	+3	-4	-2	0	+5
	order-books	+7	-48	-20	-37	-39	-36	-38	-33	-31	-34	-32	-34	-32	-31	-29
	stocks of finished products	-3	+57	+15	+32	+33	+24	+17	+16	+15	+15	+15	+17	+17	+15	+12
	industrial confidence indicator	+12	-44	-13	-25	-26	-23	-20	-17	-15	-17	-15	-18	-17	-15	-12
UK	production expectations	:	:	-30	-4	+1	-5	+4	+15	+22	+12	+14	+19	+19	+23	+25
	order-books	:	:	-65	-69	-54	-56	-48	-33	-29	-40	-31	-29	-32	-26	-28
	export order-books	:	:	-45	-55	-48	-53	-47	-34	-32	-43	-31	-29	-34	-34	-29
	stocks of finished products	:	:	+34	+27	+23	+23	+18	+13	+11	+14	+13	+11	+15	+11	+8
	selling-price expectations	:	:	+36	+25	+27	+17	+21	+25	+26	+23	+27	+24	+22	+29	+26
	industrial confidence indicator	:	:	-43	-33	-25	-28	-21	-10	-6	-14	-10	-7	-9	-5	-4
EC (e)	production expectations	+24	-30	-13	-13	-11	-17	-9	-4	-1	-4	-4	-3	-4	-2	+2
	order-books	+15	-70	-31	-51	-47	-49	-47	-42	-39	-44	-43	-40	-39	-40	-37
	export order-books	+14	-48	-24	-31	-30	-34	-32	-28	-24	-32	-28	-24	-25	-25	-23
	stocks of finished products	-10	+48	+17	+28	+22	+23	+19	+18	+16	+18	+19	+18	+18	+16	+14
	selling-price expectations	+64	+9	+38	+40	+32	+30	+24	+29	+32	+28	+31	+29	+32	+32	+32
	industrial confidence indicator	+16	-49	-20	-31	-27	-30	-25	-21	-18	-22	-22	-20	-20	-19	-16

(a) The indicator is an average of the responses (net balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).

(b) Details of the questions are given on the last page.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

(d) The series for the Federal Republic of Germany concerns the export outlook, rather than orders as such.

(e) Not including Greece, where the survey time series are too short to permit an analysis of trends. (The Community survey was extended to Greece at the beginning of 1981.)

Note: (s.a.) = seasonally adjusted.

: = not available.

The annual and quarterly figures are averages of the corresponding monthly data. The seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision.

Source: European Community business surveys.

TABLE 4: Survey of the construction industry

Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)

		Range (c)		1980	1981	1982	1982	1983			1983						
		Peak 72/73	Trough 74/75					IV	I	II	III	April	May	June	July	Aug.	Sept.
B	order-books	-13	-47	-32	-53	-61	-68	-71	-72	-73	-70	-73	-73	-73	-73	-74	
	employment expectations	+31	-24	-23	-41	-36	-37	-41	-42	-37	-46	-41	-40	-35	-40	-37	
	price expectations	+75	+25	+31	+8	-1	-4	-8	-14	-8	-18	-13	-11	-6	-11	-6	
	construction confidence indicator (a)	+9	-36	-28	-47	-49	-53	-56	-57	-55	-58	-57	-57	-54	-57	-56	
D	order-books	-17	-84	-30	-61	-73	-73	-69	-62	-56	-62	-63	-60	-59	-57	-53	
	employment expectations	+10	-60	-7	-35	-44	-45	-28	-16	-14	-16	-16	-17	-19	-14	-10	
	price expectations	+48	-37	-5	-41	-28	-12	-7	-2	+8	-3	-2	0	+5	+9	+11	
	construction confidence indicator	-4	-72	-18	-48	-59	-59	-48	-39	-35	-39	-40	-39	-39	-36	-32	
F	order-books	:	:	-31	-48	-62	-64	-58	-63	-70	-63	:	:	-70	:	:	
	employment expectations	:	:	-12	-24	-35	-35	-29	-37	-47	-37	:	:	-47	:	:	
	construction confidence indicator	:	:	-21	-36	-49	-50	-44	-50	-59	-50	:	:	-59	:	:	
I	order-books	-25	-68	-33	-29	-44	-51	-49	-49	-50	-48	-51	-48	-48	-51	-50	
	employment expectations	+10	-44	-11	-7	-13	-27	-21	-19	-24	-29	-12	-16	-26	-23	-24	
	price expectations	+85	+30	+71	+71	+54	+30	+20	+13	+10	+16	+19	+3	+15	+2	+13	
	construction confidence indicator	-8	-56	-22	-18	-29	-26	-35	-34	-37	-39	-32	-32	-37	-37	-37	
L	order-books	+21	-50	-12	-21	-46	-51	-48	-57	-49	-57	-61	-52	-44	-50	-54	
	employment expectations	+31	-39	+6	-6	-25	-17	-32	-32	-39	-22	-33	-42	-27	-38	-51	
	price expectations	+82	+11	+45	+30	+17	+12	+3	-18	-22	-13	-10	-30	-24	-27	-15	
	construction confidence indicator	+26	-45	-5	-14	-36	-34	-40	-45	-44	-40	-47	-47	-36	-44	-53	
NL	order-books	-8	-81	-39	-50	-57	-59	-59	-57	-54	-56	-57	-59	-55	-54	-54	
	employment expectations	+14	-13	-8	-14	-25	-21	-24	-16	-9	-16	-15	-18	-14	-9	-4	
	construction confidence indicator	+3	-47	-24	-32	-41	-40	-42	-37	-32	-36	-36	-39	-35	-32	-29	
UK	order-books	:	:	-33	-60	-59	-58	-47	-52	-46	-52	:	:	-46	:	:	
	employment expectations	:	:	-27	-42	-25	-18	-14	-11	-13	-11	:	:	-13	:	:	
	price expectations	:	:	+53	-16	0	-3	+11	+6	+15	+6	:	:	+15	:	:	
	construction confidence indicator	:	:	-30	-51	-42	-38	-31	-32	-30	-32	:	:	-30	:	:	
EC (d)	order-books	:	:	-32	-51	-61	-63	-58	-58	-57	-58	(-59)	(-57)	-57	(-57)	(-56)	
	employment expectations	:	:	-14	-28	-24	-32	-25	-22	-24	-24	(-20)	(-22)	-26	(-24)	(-23)	
	construction confidence indicator	:	:	-23	-39	-43	-48	-41	-40	-41	-41	(-40)	(-40)	-42	(-41)	(-40)	

(a) The indicator is an average of the responses (net balances) to the questions on order-books and employment expectations.

(b) Details of the questions are given below.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

(d) Owing to lack of data for certain Member States, Community totals are incomplete.

Note: The annual and quarterly figures are averages of the corresponding monthly data, except for France and the United Kingdom, where the survey is carried out on a quarterly basis. The monthly and related quarterly data are seasonally adjusted unless otherwise indicated; the seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision.

Source: European Community business surveys.

European Community business surveys

The Community's business surveys, of industry and the construction sector, have been progressively developed since 1962. They are undertaken by national institutions on the basis of the Commission's harmonized questionnaires. The results are communicated to the Commission which processes and publishes the data for Member States and the Community as a whole. The number of enterprises surveyed in manufacturing industry is about 20 000, and in the construction sector about 10 000.

The questions put in the business surveys have the content and periodicity set out below. In general, the questionnaires are sent out at end-month and are returned by the respondents in the course of the following two or three weeks.

QUESTIONS

Manufacturing industry, excluding food, beverages and tobacco

Monthly:

- estimate of production trend in recent months: up, unchanged, down?
- order-books: above normal, normal, below normal?
- export order-books: above normal, normal, below normal?
- stocks of finished products: above normal, normal, below normal?
- production expectations for the months ahead: up, unchanged, down?
- selling price expectations in the months ahead: up, unchanged, down?

Quarterly (January, April, July and October):

- employment expectations for the months ahead: up, unchanged, down?
- limits to production: none, insufficient demand, shortage of labour, lack of equipment?
- production capacity: more than sufficient, sufficient, not sufficient?
- duration of assured production: in months?
- new orders in the recent past: up, unchanged, down?
- export volume expectations for the months ahead: up, unchanged, down?
- capacity utilization: in %?
- stocks of raw materials: high, normal, low?

All industries, including manufacturing, extractive and food

Half-yearly (undertaken in March/April and October/November):

- investment trends and prospects: yearly percentage change of investment expenditure in current money values.

Building industry

Monthly (except for France and the United Kingdom, where the survey is carried out quarterly):

- current production compared with the preceding month: up, unchanged, down?
- factors holding up production: bad weather, shortage of manpower, shortage of equipment, none?
- order-books or production schedules: above normal, normal, below normal?
- employment expectations for the months ahead: up, unchanged, down?
- price expectations in the months ahead: up, unchanged, down?

Quarterly (January, April, July and October):

- duration of assured production: in months?

The surveys are undertaken by:

- B - Belgium: Banque Nationale de Belgique
- DK - Denmark: Danmarks Statistik
- D - Federal Republic of Germany: IFO (Institut für Wirtschaftsforschung)
- GR - Greece: Institute of Economic and Industrial Research
- F - France: INSEE (Institut National de la Statistique et des Etudes Economiques)
- IRL - Ireland: CII (Confederation of Irish Industries) and ESRI (Economic and Social Research Institute)
- I - Italy: ISCO (Istituto Nazionale per lo Studio della Congiuntura)
- L - Luxembourg: STATEC (Service Central de la Statistique et des Etudes Economiques)
- NL - Netherlands: CBS (Centraal Bureau voor de Statistiek)
- UK - United Kingdom: CBI (Confederation of British Industry), for the manufacturing industry survey
DI (Department of Industry), for the investment survey
National Federation of Building Trades Employers, for the construction survey.

The surveys of manufacturing industry are broken down by 20 industrial sectors, and also by consumer, intermediate and capital goods branches; the results in this detail are published each month by the Office for Official Publications of the European Communities in 'Business surveys' (ISSN 0378-4479). The results of consumer surveys appear three times a year in Supplement C to *European Economy*.

ECONOMIC SENTIMENT INDICATOR

The economic sentiment indicator is a composite measure in which the industrial confidence indicator, the consumer confidence indicator and the share price index are given equal weight, while the construction confidence indicator (an average of two series of the EC survey of the construction industry, namely employment expectations and judgments on the level of order-books) is attributed half the weight of each of the other three. The share price index is included in the composite indicator in ratio-to-trend form, in order to separate short-term or cyclical variations from long-term increases in the real and nominal value of stocks and shares. The long-term trend of the series is calculated using the NBER Bry-Boschan growth cycle programme. For a fuller description of the economic sentiment indicator and its components, see the technical note in the November 1982 issue of this Supplement.

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